

BILL THOMAS, CALIFORNIA,
CHAIRMAN

E. CLAY SHAW, JR., FLORIDA
NANCY L. JOHNSON, CONNECTICUT
WALLY HERGER, CALIFORNIA
JIM MCCRERY, LOUISIANA
DAVE CAMP, MICHIGAN
JIM RAMSTAD, MINNESOTA
JIM NUSSLE, IOWA
SAM JOHNSON, TEXAS
ROB PORTMAN, OHIO
PHIL ENGLISH, PENNSYLVANIA
J.D. HAYWORTH, ARIZONA
JERRY WELLER, ILLINOIS
KENNY C. HULSHOF, MISSOURI
RON LEWIS, KENTUCKY
MARK FOLEY, FLORIDA
KEVIN BRADY, TEXAS
THOMAS M. REYNOLDS, NEW YORK
PAUL RYAN, WISCONSIN
ERIC CANTOR, VIRGINIA
JOHN LINDER, GEORGIA
BOB BEAUPREZ, COLORADO
MELISSA A. HART, PENNSYLVANIA
CHRIS CHOCOLA, INDIANA

ALLISON H. GILES,
CHIEF OF STAFF

Congress of the United States

U.S. House of Representatives

COMMITTEE ON WAYS AND MEANS

1102 LONGWORTH HOUSE OFFICE BUILDING
(202) 225-3625

Washington, DC 20515-6348

<http://waysandmeans.house.gov>

February 17, 2005

CHARLES B. RANGEL, NEW YORK,
RANKING MINORITY MEMBER

FORTNEY PETE STARK, CALIFORNIA
SANDER M. LEVIN, MICHIGAN
BENJAMIN L. CARDIN, MARYLAND
JIM McDERMOTT, WASHINGTON
JOHN LEWIS, GEORGIA
RICHARD E. NEAL, MASSACHUSETTS
MICHAEL R. McNULTY, NEW YORK
WILLIAM J. JEFFERSON, LOUISIANA
JOHN S. TANNER, TENNESSEE
XAVIER BECERRA, CALIFORNIA
LLOYD DOGGETT, TEXAS
EARL POMEROY, NORTH DAKOTA
STEPHANIE TUBBS JONES, OHIO
MIKE THOMPSON, CALIFORNIA
JOHN B. LARSON, CONNECTICUT
RAHM EMANUEL, ILLINOIS

JANICE MAYS,
MINORITY CHIEF COUNSEL

The Honorable Jim Nussle
Chairman
Committee on the Budget
309 Cannon House Office Building
Washington, DC 20515

Dear Mr. Chairman:

As required by Section 301(d) of the Congressional Budget Act of 1974, and in response to your letter dated January 18, 2005, this letter transmits the views and estimates of the Committee on Ways and Means on those aspects of the Federal budget for the fiscal year 2006 which fall within the Committee's jurisdiction.

The U.S. economy performed very well in 2004. Real growth averaged 4.4 percent, more than 2.2 million jobs were created and by all measures, the unemployment rate has declined. Federal tax receipts increased 5 percent and the Congressional Budget Office (CBO) projects that under current law receipts will increase 9 percent further this year. For fiscal year 2006, the CBO estimates a unified budget deficit of \$295 billion, or 2.3 percent of Gross Domestic Product.

The Committee will continue to promote economic growth-enhancing policies through the consideration and adoption of appropriate tax, health, human resources and trade legislation and expects to focus on the long-term challenges facing future retirees through a variety of policies that affect retirement security.

The Committee's priorities are also expected to include additional tax reforms, expanding trade, reauthorizing the Temporary Assistance for Needy Families (TANF) program, eliminating waste, fraud, and abuse, and addressing concerns of those without health insurance.

I. Legislative Issues with Budgetary Impact

- A. Human Resources – The Committee will work on reauthorization of the TANF program. The program's original authorization expired at the end of fiscal year 2002, and it has been continued temporarily until March 31, 2005. The Committee will work to reauthorize Individual Development Accounts, which expired at the end of fiscal year 2003 and were

first authorized as part of the 1998 Assets for Independence Act (P.L. 105-285). Other legislative proposals from Congress and the President that may require Committee action include improving the child support, child protection, unemployment benefits, and Supplemental Security Income (SSI) programs. Committee oversight of the nation's welfare, child care, child support, adoption and foster care, SSI, and unemployment benefit programs will continue.

- B. Medicare and Other Health Issues – The Committee will continue its efforts to ensure implementation of the Medicare Prescription Drug, Improvement and Modernization Act (MMA) (P.L. 108-173) consistent with Congressional intent. The numerous changes made by MMA make oversight of implementation critical to ensure there is little or no disruption for seniors or providers in receiving or delivering benefits. In addition, the Committee is interested in examining ways to reduce waste, fraud and abuse in the Medicare program. The Committee is also examining all of Medicare's payment systems to ensure reimbursements to providers are appropriate and that quality is rewarded. Finally, the Committee plans to examine strategies to reduce the number of Americans without health insurance and allow consumers greater choice in obtaining health care.
- C. Social Security – The Committee will carefully consider the financial challenges facing Social Security and will work to achieve the necessary improvements to Social Security's programs. Effective stewardship of Social Security programs will remain part of this year's agenda, as will protecting Social Security numbers from misuse. The Committee also will review the Commissioner of Social Security's plan to improve the disability determination process, implementation of ticket-to-work programs, and the agency's efforts to educate the public and effectively deliver services.
- D. Tax – The Committee expects to examine options for tax reform and simplification for the American people in support of economic growth. The Committee anticipates consideration of a revenue title for a highway reauthorization bill. The Committee will consider the President's budget and tax reform proposals, including those proposals for permanent tax relief. Further legislative action to extend expired and expiring provisions, to enhance retirement savings, to encourage production, transmission and conservation of energy as well as to promote charitable giving are also expected. The Committee will continue to develop options for expanding access to health insurance coverage and to examine growing concerns caused by the individual and corporate alternative minimum taxes.
- E. Trade - The Committee supports the expansion of trade opportunities, adherence to trade agreements and rules by our trading partners, and the elimination of foreign trade barriers to our goods and services. The Committee expects to continue its oversight responsibilities with respect to the World Trade Organization negotiations and new bilateral free trade agreements (FTAs). At the appropriate time, the Committee expects to consider legislation, under Trade Promotion Authority (TPA) procedures, to implement FTAs that have been signed by the President and submitted to Congress. The Committee intends to work with the Administration under the terms of the Trade Act of 2002 (P.L. 107-210), given the expiration of TPA in 2005 unless the Administration requests renewal until 2007.

The Committee will continue to be active in overseeing agencies within its jurisdiction and on trade preference legislation. Finally, the Committee intends to consider legislation suspending certain duties temporarily to make U.S. companies more competitive.

II. The Fiscal Year 2006 Budget

The Committee is reviewing the President's Fiscal Year 2006 Budget. The President's proposed budget envisions continued economic growth in 2005 and 2006, restrained federal spending, and tax legislation to encourage sustained growth through tax cut permanency and a lower tax burden on personal savings.

III. Public Debt Limit

The current statutory public debt limit is \$8.2 trillion. Assuming current law, CBO forecasts that the limit will be reached early in fiscal year 2006. The Committee will continue to monitor the level of outstanding debt, and will take any necessary action to ensure the consistent financing of government operations.

The Committee on Ways and Means looks forward to working with the Committee on the Budget as we promote prosperity, opportunity, and security while maintaining fiscal prudence.

Best regards,

A handwritten signature in black ink that reads "Bill Thomas". The signature is written in a cursive, flowing style with a long horizontal line extending from the end of the name.

Bill Thomas
Chairman